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FM AMEMBASSY TUNIS  
TO RUEHC/SECSTATE WASHDC PRIORITY 1810  
INFO RUEHAD/AMEMBASSY ABU DHABI PRIORITY 0791  
RUEHAS/AMEMBASSY ALGIERS PRIORITY 7280  
RUEHLO/AMEMBASSY LONDON PRIORITY 1176  
RUEHNK/AMEMBASSY NOUAKCHOTT PRIORITY 0779  
RUEHFR/AMEMBASSY PARIS PRIORITY 1629  
RUEHRB/AMEMBASSY RABAT PRIORITY 8210  
RUEHTRO/AMEMBASSY TRIPOLI PRIORITY 0388  
RUEHCL/AMCONSUL CASABLANCA PRIORITY 3989  
RUEATRS/DEPT OF TREASURY WASHINGTON DC PRIORITY  
RUCPDOG/USDOC WASHDC PRIORITY

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STATE FOR NEA/MAG (HARRIS) AND EB/CIP  
STATE PASS USTR (BELL), USPTO (ADLIN), USAID (DMCCLOUD)  
USDOC FOR ITA/MAC/ONE (ROTH), ADVOCACY CTR (JAMES), AND  
CLDP (TEJTEL)  
CASABLANCA FOR FCS (RORTIZ)  
LONDON AND PARIS FOR NEA WATCHER

E.O. 12958: N/A

TAGS: [ECON](#) [ETRD](#) [KIPR](#) [LY](#) [TS](#)

SUBJECT: BEN GUERDANE'S "LIBYAN SOUK": CHEAP GOODS, BIG  
INCOME

¶1. (SBU) Summary: In the "Libyan souk" of Ben Guerdane, a town 30 kilometers from the Tunisian-Libyan border, Tunisians can pay bargain prices for questionably imported, often counterfeited goods from Libya. Although the GOT asserts that it is committed to intellectual property right protection and enforcement, the souk is an important source of income for many unemployed Tunisians-- a subject of acute and overriding concern for the government-- and thus is allowed to operate freely. End Summary.

¶2. (SBU) The city of Ben Guerdane is located 30 kilometers from Tunisia's border with Libya and is an important transit point between the two countries. But for many Tunisians, Ben Guerdane is itself the final destination. Tunisians travel from across the country to purchase the cut-rate clothing, electronics, housewares, and tires that can be found in what is popularly known as the "Libyan souk." Every day from 6 am to 6 pm the Libyan souk in Ben Guerdane opens for business, boasting hundreds of stalls, some permanent and some makeshift, but each filled to the brim with cheap goods of dubious origin.

¶3. (SBU) Nearly all the goods have entered Tunisia via the Libyan border, often smuggled across in cars and trucks during the night to evade customs officials. While goods of Libyan origin are not subject to customs duties, the majority of products are from Egypt or China. In addition to their questionable entrance into the country, many goods are also counterfeit and bear familiar, but often misspelled, brand names such as Nike, Panasonic, and Phillips.

¶4. (SBU) While the the quantity of smuggled goods is significant, the trafficking is apparently not the work of organized smuggling rings but is largely done by individual Tunisian families. One family member crosses the border by car or truck into Libya and returns with it full of goods, which the family then sells at the market. On the August day EconOff visited the souk, even the children were hard at work, using wheelbarrows to move wares from cars to the stalls or even manning the shops. While some families are

lucky enough to occupy permanent concrete shops, others have created makeshift stalls or sell their goods directly out of their cars. According to several contacts, this is often these families' only source of income.

15. (SBU) Despite the illegality of the majority of goods sold at the souk, the Government of Tunisia considers all purchases made within the souk to be legal. The souk itself is located on GOT property and several Tunisian police officers are present at the entry points to the souk. For a fee of three dinars, shoppers can legalize their purchases by receiving a receipt to present to Tunisian customs officials showing that they purchased the goods in Ben Guerdane and did not import them.

16. (SBU) Comment: The market's existence highlights not only the informal linkages between Tunisia and Libya, but also the GOT's acute concern about unemployment. With the official unemployment rate hovering at 15 percent, and the actual rate even higher, the government is reluctant to eliminate the only source of income for many Tunisian families. Despite the GOT's stated commitment to counter piracy and counterfeit products, its authorization of a market like Ben Guerdane is unlikely to end until alternative employment options exist for the families involved. End comment.  
BALLARD